

**THE SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines
ISSUED BY THE STATE BOARD OF ACCOUNTS**

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June 1995

ITEMS TO REMEMBER

- June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- Last day to file with the county treasurer a list of names and addresses of each person who has money due from the school corporation. (IC 6-1.1-22-14)
- Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made by the Office of the State Fire Marshall an inspection of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-1)
- June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)
- Last day to report and make payment of state and county income tax withheld during May to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."
- June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close this ledger for the school year and prove to the Fund Ledger.
- July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.
- July 4: Independence Day - Legal Holiday (IC 1-1-9-1)

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ITEMS TO REMEMBER

(Continued)

- July 15: State Teachers' Retirement Fund Form EOR-4 (Employing Officials' Report of Teacher Contribution Deductions for the fourth quarter of the 1991-1992 school year) is due in the office of the State Teachers' Retirement Fund Board. (IC 21-6.1-7-9) provides "If the treasurer of a school corporation or the township trustee fails to make the reports as required in section 7 or 8 of this chapter, the school corporation which that officer serves is ineligible to receive any distribution of money from the state for school purposes until the reports and payments are received and approved by the board."
- July 20: Last day to report and make payment of state and county income tax withheld during June to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."
- July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter of 1993.
- Last day to submit a Teachers' Retirement Fund Board Form P-31, Employing Officials' Report of Teachers in the State of Indiana. (IC 21-6.1-7-8) (See July 15 above re: IC 21-6.1-7-9)
- Aug. 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- Aug. 14: Last day for the first publication of budgets for all school corporations other than school townships. (10 days prior to the public hearing) (IC 6-1.1-17-3)
- Aug. 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report (which consists of financial and performance information) by one insertion in each of two newspapers in the school corporation. (IC 5-3-1-3)
- Aug. 20: Last day to report and make payment of state and county income tax withheld during July to the State Department of Revenue, Indiana Government Center North, Indianapolis. Please review Volume 100, December 1987, of "The School Administrator."
- Aug. 21: Last day for second publication of school corporation budgets. (7 days after the first publication) (IC 5-3-1-2)
- Aug. 24: Last day for completing public hearing on 1996 budget prior to meeting for adoption. (At least 7 days prior to the adoption of the budget) (IC 6-1.1-17-5)
- Aug. 31: Last day for meetings of school boards (school corporations other than school townships) to adopt budgets for the next calendar year and to fix tax levies. (Not Later Than the Last Thursday in August) (IC 6-1.1-17-5)

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SALE OF PROPERTY - PROVISIONS AND RECEIPTS

Provision for the sale unneeded property and the disposition of the proceeds can be found in IC 20-5-5-1. Whenever the governing body of a school corporation determines that any real or personal property is no longer needed for school purposes or should in the interests of the school corporation be exchanged for other property, it may sell or exchange such property in accordance with the provisions of IC 36-1-11. The money derived from the sale or exchange of such property shall be placed in any school fund established under applicable law which the governing body of the school corporation in its discretion shall deem appropriate. Based on these provisions, we are of the audit position that receipts from the sale of school property may be placed in any one of the five statutory funds (General, Debt Service, Capital Projects, Transportation and Special Education Preschool).

IC 36-1-11-5.5 provides "Notwithstanding sections 4, 4.1, 4.2, 5, and 6 of this chapter, a disposing agent of a school corporation may sell or transfer:

(1) real property; or

(2) tangible or intangible personal property, licenses, or any interest in the tangible or intangible personal property, or licenses that are used in, or related to, the operation of a radio station by a school corporation;

for no compensation or a nominal fee to a not-for-profit corporation created for educational or recreational purposes unless the corporation is subject to section 16 of this chapter."

IC 20-4-5-8 provides in part "(b) This subsection applies whenever the consolidated school board of a consolidated school corporation decides that property acquired under subsection (a) from a township is no longer needed for school purposes. The school board shall offer the property as a gift for park and recreation purposes to the township a quitclaim deed to the property. This deed must state that the township is required to use the property for park and recreation purposes. If the township board refuses the offer, the school board may sell the property in the manner provided in subsection (c).

(c) This subsection provides the procedure for the sale of school property that is no longer needed for school purposes by the board of a consolidated school corporation. The board shall cause such property to be appraised at a fair cash value by three (3) reputable resident freeholders of the school corporation offering such property for sale. Said appraisals shall be made under oath and spread of record upon the records of said board. No sale shall be made for less than the appraised value and must be made for cash. The sales shall take place after the board gives notice under IC 5-3-1 of the terms, time, and place of sale.

(D) Proceeds from any sale under subsection © shall be placed in a special school fund of such consolidated school corporation designated as the capital outlay fund which shall be available for capital outlay of said school corporation."

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PROMOTION OF SCHOOL

IC 20-5-2-2 (2.5) concerning promotion of school provides a board of school trustees the authority "To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

- (A) the purchase of meals, decorations, memorabilia, or awards;
- (B) provision for expenses incurred in interviewing job applicants; or
- (C) developing relations with other governmental units."

COURT FILING FEES

IC 33-19-3-1 provides "(a) The fees prescribed in civil actions (or paternity actions) may not be collected from the state or a political subdivision in an action brought by or on behalf of the state or any political subdivision.

(b) This section does not prevent the collecting of fees from a defendant when the state or political subdivision is successful in its action."

Since school corporations are included in the definition of a political subdivision, court filing fees in both civil and small claims court are not applicable. Furthermore, the State Board of Accounts is of the audit position that item (b) above concerns the applicable court collecting fees, not a school corporation.

MINIMUM WAGE AND OVERTIME PROVISIONS

Your attorney should be consulted concerning the federal minimum wage and overtime provisions of the Fair Labor Standards Act applicable to school corporations. The Act generally exempts professionals from coverage and teachers are expressly included in that category with certain exceptions. However, office personnel, maintenance workers, cafeteria workers, bus drivers and others are all included.

The overtime pay issue has required the State Board of Accounts to prescribe form 99c, Employee's Weekly (work period) Earnings Record (Form 99c) which is designed to meet the record keeping requirements of the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA). The form should be maintained for employees who are not exempt from FLSA and who are not on a fixed work schedule when the governmental unit pays other than weekly.

School corporations should constantly be aware of all of the areas of employment in the corporation where overtime right attaches and establish a system to accurately record hours worked.

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TRIPS BY EMPLOYEES AND OFFICIALS
EXTRA-CURRICULAR TRIPS AND SERVICES

IC 20-5-2-2 authorizes a school corporation to pay school employees for making certain trips during the time school is in session and to pay the expense of such necessary trips. Subsection 8 states in part . . . "when the governing body by resolution deems a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including but not limited to attending meetings, conferences, or examining equipment, buildings, and installations in other areas, to permit such employee to be absent in connection with such trip without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities."

IC 20-5-2-2 authorizes a school corporation to pay the reasonable expense of a trip made by a board member, if the board adopts a resolution that such trip is in the interest of the school corporation. It also authorizes a school corporation to pay an employee for days away from the classroom during a trip when school is in session, if the board adopts a resolution that such trip is in the interest of the school corporation. The reasonable expenses of the trip for such an employee may also be paid by the school corporation, if the trip is authorized by the board.

A school corporation is also authorized to pay teaching personnel for days absent from school duties while accompanying classes and groups of an extra-curricular nature on trips made during school days. While teaching personnel may be paid normal compensation for the school days spent on trips of an extra-curricular nature, if approved by the board, no provision is made by statute for the school corporation to pay other expenses incurred by teaching personnel on such trips. A school board, if so desiring, could consider the provisions of "Home Rule," IC 20-5-1.5-1, et seq.

IC 20-5-2-2 also authorizes a school corporation to pay teaching personnel for time spent in sponsoring and working with school related activities. If a teacher is paid an additional stated amount for sponsoring and working with school related activities, the additional amount must be made a part of the teacher's contract and shall be set out and made a part of the salary schedule adopted by the board of school trustees.

Pay of teachers and other personnel for service at interscholastic athletic event such as ticket takers, scoreboard personnel etc. are expenses of the Athletic Fund of the Extra-Curricular Account. Pay of concession stand supervisors and of ticket takers, etc. for fine arts events should be paid from the proceeds of the activity sponsoring these events. Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the corporation payroll and charged to a school corporation General Fund appropriations; however, the General Fund must be reimbursed for such payment by the activity which the employees served.

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ELECTRONIC FUNDS TRANSFER OF STATE DISTRIBUTIONS

IC 4-8.1-2-7 provides that state distributions may be received via Electronic Funds Transfer (EFT). The following reviews the guidelines and procedure for distributions that can be acquired.

IC 5-13-5-5 and IC 20-5-3-1 provide that when the governing body authorizes the Treasurer to transact the School Corporation business with a financial institution via EFT a resolution must be adopted. The resolution must specify the type of transactions to be conducted by EFT and requires that adequate documentation of the transaction(s) are maintained.

The following procedures must be followed if your school corporation elects to receive EFTs from the State.

- (1) Determine which distributions you wish to have electronically transferred from the following list:

<u>Name of Distribution</u>	<u>Code</u>
Basic Grant & Transportation	BG
Adult Education	AE
Summer School	SS
Transfer Tuition I (Children of State Employee)	T1
Transfer Tuition II (Mental Health)	T2
Distressed Schools	DS
ADA Flat Grant	FG
Prime Time	PI
Required Summer Remediation (ISTEP)	TR
Special Education Preschool	SP
Marion County Desegregation	MC
Textbook Reimbursement	TB
Beginning Teacher Internship	BT
Performance Based Awards	PB

- (2) School Board must adopt a resolution authorizing the EFT. Each distribution to be electronically transferred should be stated in the resolution.
- (3) Select a designated depository or depositories to handle your transactions.

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ELECTRONIC FUNDS TRANSFER OF STATE DISTRIBUTIONS (continued)

- (4) Execute the Authorization Agreement for Automatic Deposit, General Form 368 (copy attached). An Authorization form is needed for each distribution requested electronically.
- (5) Make adjustments as required to maintain prorated amounts in designated depositories.
- (6) Record the transaction in applicable receipt amounts.

The Basic Grant and Transportation distributions are not necessarily paid on the first business day of each month.

**PURCHASES WITH SUPPLIERS THROUGH STATE CONTRACTS
AND WITHOUT GIVING NOTICE OR RECEIVING BIDS**

IC 36-1-9-13 provides school corporations are permitted to make purchases, through eligible contracts issued by the Indiana State Department of Administration, Procurement Division. Participants must conform to the following:

1. Purchases shall be made in accordance with the contract specifications and terms established by the Department of Administration.
2. Transactions, including orders, delivery arrangement, payments, etc., will be directly between your School Corporation and the vendor.
3. Upon request by vendor, school corporations must furnish the vendor with proper evidence of tax exemption.

IC 36-1-9-13 provides "Notwithstanding any other provision of this chapter, a purchasing agent may purchase materials for a political subdivision without giving notice or receiving bids if:

- (1) the purchase is made from a supplier who has a contract with a state agency and the suppliers's contract with the state requires him to make the materials available to political subdivisions, as provided in IC 4-13.4-5-11; or
- (2) the purchase is made from a supplier who has a contract with a federal agency and the supplier's contract with that agency requires the supplier to make the materials available to the state or political subdivisions."

A detailed list of vendors participating in eligible contracts may be obtained from the Department of Administration, Procurement Division by written request addressed to Indiana Government Center - South, Room W468, Indianapolis, Indiana 46204-2738 or calling (317) 232-3032.

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PUBLIC ENTITY RISK POOLS

Many governmental entities are joining together in order to share the risk for certain losses by forming a Public Entity Risk Pool. Statement Number 10 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" (GASB 10) establishes accounting and financial reporting standards for risk financing and insurance-related activities of state and local governmental entities, including Public Entity Risk Pools. The statement defines a Public Entity Risk Pool as a cooperative group of governmental entities joining together to finance an exposure, liability, workers' compensation, or employee health care. The requirements of the statement that affect Public Entity Risk Pools are effective for periods beginning after June 15, 1990. The requirements affecting governmental entities other than Risk Pools are effective for periods beginning after June 15, 1994.

In some cases, the records and accounts of the Risk Pool are being maintained by one of the participating governmental entities. The State Board of Accounts is of the audit position that since a Risk Pool should be maintained separately from the records of the governmental entity, including any salaries and related expenses of employees of the Risk Pool.

DRUG-FREE WORKPLACE ACT

School Corporations which receive Federal assistance have an organizational-wide audit performed by the State Board of Accounts in accordance with OMB Circular A-128, the Single Audit Act of 1984. School Corporations need to be aware of compliance requirements for the Drug-Free Workplace Act which provides:

"All grantees receiving grants, including cooperative agreements, from any Federal agency must certify that they will provide a drug-free workplace, or in the case of a grantee who is an individual, certify to the agency that his or her conduct of grant activity will be drug-free. Making the required certification has been a precondition of receiving a grant from a Federal agency since March 18, 1989. Every grantee, except a State or State agency is required to make this certification for each grant. A State or State agency may elect to make a single annual certification to each Federal agency from which it obtains grants if the Federal agency has designated a central location for submission.

The grantee certifies that it will provide a drug-free workplace by:

(A) Publishing a policy statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

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DRUG-FREE WORKPLACE ACT (continued)

- (B) Establishing an ongoing drug-free awareness program to inform employees about:
- The dangers of drug abuse in the workplace;
 - The grantee's policy of maintaining a drug-free workplace;
 - Any available drug counseling, rehabilitation, and employee assistance programs; and,
 - The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- (C) Making it a requirement that each employee to be engaged in performance of the grant be given a copy of the statement required by paragraph (A);
- (D) Notifying the employee in the statement required by paragraph (A) that, as a condition of employment under the grant, the employee will:
- Abide by the terms of the statement; and
 - Notify the employer in writing of any criminal drug statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
- (E) Notifying the agency in writing within ten calendar days after receiving notice under subparagraph (d)(2), from an employee or otherwise receiving actual notice of such conviction;
- (F) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted:
- Taking appropriate personnel action against such an employee, up to and including termination; or
 - Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency."

STATE OF INDIANA DISTRIBUTIONS TO POLITICAL SUBDIVISIONS BY EFT

1. Prepare a separate form for each different state distribution your fiscal body elected to receive by electronic transfer of funds.
2. Political subdivision will complete first part and refer to a designated depository.
3. Designated depository will complete second part and return to the political subdivision.
4. Political subdivision will file completed form with Treasurer of State, 242 State House, Indianapolis, IN 46204.
5. Political subdivision and depository should retain a copy. Blank forms are available from Treasurer of State.

On _____, the fiscal body' of _____
date Political Subdivision

Signature of Fiscal Officer²

Depository's Authorized Signature

Title

² Fiscal Officer (IC 36-1-2-7) means:

- (1) Auditor, for a county;
- (2) Controller, for a consolidated city or second class city;
- (3) Clerk-treasurer, for a third class city;
- (4) Clerk-treasurer, for a town; or
- (5) Trustee, for a township.

(1) Treasurer (IC 20-5-3-1), for a school corporation; or